O'MELVENY & MYERS

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July 2nd

1996



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OUR FILE NUMBER

291,215-064 NB1-269498.V1

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

AlliedSignal Laminate Systems, Inc. c/o AlliedSignal, Inc. 101 Columbia Road Morristown, NJ 07962

Attention:

400 SOUTH HOPE STREET

LOS ANGELES, CALIFORNIA 90071-2899

TELEPHONE (213) 669-6000 FACSIMILE (213) 669-6407

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NEWARK, NEW JERSEY 07102

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WRITER'S DIRECT DIAL NUMBER

(714) 669-6906

Vice President and General Counsel

Engineered Materials

Re:

Asset Purchase Agreement dated as of November 9, 1995 between AlliedSignal Laminate Systems, Inc., AlliedSignal, Inc. and Furon Company (the "Agreement")

Gentlemen:

On behalf of our client, Furon Company, we submit to you the following:

- 1. Phase II Environmental Site Assessment for the McCaffrey Street Manufacturing Facility prepared by Parsons Engineering Science, Inc. dated May, 1996; and
- 2. Phase II Environmental Site Assessment for the Liberty Street Manufacturing Facility prepared by Parsons Engineering Science, Inc. dated May, 1996 (collectively, the "Reports").

The Reports summarize the results of a limited Phase II Environmental Site Assessment performed at two former AlliedSignal facilities shortly after the acquisition of such facilities by Furon Company. The Reports were prepared pursuant to scopes of work previously provided to Beth Keller at AlliedSignal. To aid you in your review, copies of the Reports are being concurrently delivered to Ms. Keller.

As you will note upon your review of the Reports, Hazardous Substances which constitute one or more Environmental Conditions (as each term is defined in the Agreement) were discovered in soil and groundwater at the facilities.

Pursuant to the terms of the Agreement, Furon hereby requests that you take action to remedy each Environmental Condition identified in the Reports and, pursuant to Section 14.3 of the Agreement, that you (i) acknowledge to Furon your obligation to provide indemnification in respect of each Environmental Condition, and (ii) commence and diligently undertake action calculated to correct or remedy each Environmental Condition. Furon Company will cooperate with you in your performance of additional investigatory activities regarding the Environmental Conditions disclosed.

This letter constitutes a Claim Notice sent on the date hereof under Section 14.3(a) of the Agreement. Furon's right to indemnification arises under Section 14.1(e) of the Agreement and the facts giving rise to Furon's claim for indemnification are set forth in the Reports which describe the types and locations of the Hazardous Substances discovered at the facilities. As the investigation described in the Reports was conducted shortly following the Closing (as defined in the Agreement), it is Furon's position that the Hazardous Substances discovered were present at the facilities prior to the Closing.

If you have any questions concerning the accompanying Reports, please contact me directly.

Sincerely,

Paul E. Mosley

of O'MELVENY & MYERS

Jan Marley

PEM:myh Enclosures

cc:

Ms. Beth Keller (Reports only)
Donald D. Bradley, Esq. (w/o enc.)
Gary J. Singer, Esq. (w/o enc.)